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RENEWAL OF THE DIALOGUE ON STRENGTHENING INTERNATIONAL ECONOMIC COOPERATION FOR DEVELOPMENT THROUGH PARTNERSHIP

Report of the Secretary-General

I. INTRODUCTION

1. The present report is submitted in response to General Assembly resolution 49/95 by which the Assembly welcomed with appreciation the note by the Secretary-General on the renewal of dialogue on strengthening international economic cooperation for development through partnership, and reaffirmed that such a dialogue should be conducted in response to the imperatives of mutual interests and benefits, genuine interdependence, shared responsibility and the partnership for achieving sustained economic growth and sustainable development as well as improving the international economic environment that is conducive to such development and that the United Nations system should play a central role in facilitating such a dialogue.

2. The Assembly requested the Secretary-General, drawing upon statements made by Member States on various economic and social issues within the context of the debates on those issues held in the General Assembly and the Economic and Social Council, to propose for consideration various issues or themes that represent mutual interests, which would involve benefit to all countries and which are also relevant to the elaboration of an agenda for development, and to submit a report on the implementation of the resolution to the Assembly at its fiftieth session.

3. It will be recalled that in the note submitted last year (A/49/542), an attempt was made to identify, on the basis of a brief review of the historical experience, the essential ingredients of a dialogue based on partnership and the elements in the present international situation that create a compelling need to promote such a dialogue. It was suggested then that market-driven globalization, the growing trend towards regional integration and the logic of increasing interdependence created the imperative of dialogue and cooperation

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for all countries, large and small. It was pointed out that the expanding role of the non-State actors, the erosion of the capacity of Governments to influence economic outcomes and the complex interaction between the forces of integration and fragmentation in the world economy while generating new impulses of growth and development were also giving rise to the marginalization of the poorest developing countries as well as sizeable segments of the population in industrial countries. The broadening international consensus on economic and social policies and the commitment to cooperation and partnership for development as evidenced in the outcome of major United Nations conferences of recent years was noted and the issue was raised as to how this consensus could be given tangible forms to the benefit of all. It was further suggested that the end of the cold war, the growing integration of the world economy and the emerging consensus on development policies seemed to have created a propitious confluence of forces in favour of a constructive and non-confrontational dialogue designed to meet the global challenges of poverty and development in a rapidly changing international environment. A number of ideas were put forward on the conditions of and modalities for further renewal of dialogue.

4. Since then, progress on several fronts has tended to confirm the validity of the approach suggested last year. At its substantive session of 1995 the Economic and Social Council agreed on the elements of a coordinated approach to the follow-up to major United Nations conferences. It also called for a strengthened United Nations capacity for coherent and harmonized policy formulation. The themes common to these conferences and the modalities for pursuing them could be an important element in defining the issues and the framework for the dialogue.

5. The ad hoc open-ended working group on an agenda for development has embraced the emergence of globalization and interdependence as the key elements of the agenda's setting and objectives. The fiftieth anniversary of the United Nations is also providing impetus to the effort to renew the role of the United Nations in harmonizing the interests of nations.

6. In so far as these processes and, in particular, the agenda for development are providing a major opportunity to take advantage of the stronger sense of partnership that is developing in the United Nations, the present report should be seen as complementary to those efforts. More specifically, the policy framework being developed in the agenda and the issues identified in it for priority attention should in many ways set the stage for the renewal and pursuit of a constructive dialogue based on partnership.

II. SELECTING THEMES FOR DIALOGUE

7. It is evident that the agenda for development, on which substantial progress has been made by the ad hoc open-ended working group and which is expected to be adopted by the General Assembly at its fiftieth session, will have a direct bearing on the selection of themes for the pursuit of the development dialogue in the next phase. The agenda as it has thus far emerged from the working group pays particular attention to the relationship between development, peace and security and underscores the need for partnership, taking into account the trends towards globalization, regional cooperation and

interdependence. It identifies the critical situations and special problems facing Africa, the least developed and other special categories of developing countries and the countries in transition. In pursuit of the goal of strengthening international cooperation for development, the agenda calls for the implementation of all international agreements and commitments for development and for enhancing the role, capacity-effectiveness and efficiency of the United Nations system in development, urges an integrated approach to development and underlines the need for democracy, transparent and accountable governance, and the promotion and protection of all human rights and fundamental freedoms, including the right to development.

8. The elements of the policy framework identified in the agenda include:

(a) Economic development:

(i) Macroeconomic policies geared towards sustained economic growth and sustainable development;

(ii) International trade and commodities;

(iii) Finance for development: issues of internal and external finance related to economic development:

a. Mobilization of domestic resources for development;

b. External resources;

c. External debt;

d. Official development assistance;

e. Role of multilateral financial institutions;

f. United Nations financing for development;

g. Private investment flows;

h. Peace dividend;

(iv) Science and technology;

(v) South-South cooperation;

(vi) Regional economic cooperation;

(vii) Development in agriculture and industry and the services sector;

(b) Social development:

(i) Eradication of poverty and hunger;

(ii) Employment;

(iii) Social integration;

(iv) Human resource development;

(v) Human settlements;

(c) Empowerment of women;

(d) Rights of the child;

(e) Population and development and international migration;

(f) Environment and development:

(i) Full implementation of Agenda 21 and other outcomes of UNCED;

(ii) Implementation of international commitments on the environment;

(g) Humanitarian issues and development:

(i) Early warning, preventing and preparedness and reduction of natural disasters;

(ii) Response to other humanitarian emergencies;

(iii) Refugees and displaced persons;

(iv) Continuum from relief to rehabilitation and development;

(h) Participatory approach to development;

(i) Actions related to countries in special situations;

(j) Measures of implementation.

9. Clearly, the setting, the objectives and the policy framework of the agenda provide the overall context within which the themes for the dialogue should be chosen. The specific themes to be selected should, however, be such as to engage the attention of policy-makers at a high level, generate interest among other actors in development and should result in stimulating and productive discussions.

10. The themes should be selected in the light of the principal objectives of the dialogue: to promote broader and deeper understanding of issues of a global or transboundary nature that cut across individual, regional or group interests. It would also be preferable to pick themes that are at the cutting-edge of international economic relations. The dialogue could then serve as a means of expanding the frontiers of international cooperation.

11. At this stage it is important to note that in making a selection of themes and developing the modalities for policy debate, the input of all concerned actors should be secured. Furthermore, the principle of subsidiarity should be

applied to ensure that policies are debated at the closest possible level to where problems arise. International and regional organizations should address those issues that must be resolved at the global and regional levels, national Governments should address national concerns and community organizations should deal with intra-community problems. Thus, the General Assembly should not be the only forum for policy debate. All levels of consultation and debate would be of fundamental importance to ensure that societal decision-making becomes shared and interactive rather than automatic and hierarchical.

III. SOME POSSIBLE THEMES

12. As noted earlier, the management of global change is a key challenge of our times that must be addressed through dialogue and cooperation. The manifestations of change and their implications touch almost all aspects of international life. The internationalization of many economic activities, the effects of new information technologies and of modern transport and communications, the global consequences of actions regarding the planet's resources and the erosion of many economic frontiers call for major adjustments in the nature and scope of international cooperation. Financial flows, trade, investment, poverty, hunger, conflicts, environmental degradation, contagious diseases, migration and drug addiction all have international dimensions that cannot be resolved by national efforts alone. Individually, nation States can do little more than confront the symptoms. Getting at the causes demands coordinated international action. More and more, these problems are occurring in less isolated forms in a global society where consequences and repercussions of events ripple across frontiers at unprecedented speed with the result that no nation can achieve genuine stability and progress without paying attention to insecurity and deprivation elsewhere.

13. It may be noted, however, that internationalization of issues and the consequent growing interdependence of nations do not lead themselves to increased international cooperation and dialogue. However, cooperation becomes more likely when countries are faced with adverse effects of interdependence without much prospect of protecting themselves with the traditional means of domestic policies and actions because the nature or complexity of the problems makes them ineffectual. Partnership based on mutual interest becomes increasingly attractive under those circumstances.

14. Taking into account all the above considerations, a few possible themes are proposed to serve as a menu to draw upon, as appropriate. In many ways, the suggested themes cut across and encompass the traditional issues such as trade, finance and technology, but they are formulated to engage the interests of all partners in the dialogue. The proposed themes are not exhaustive but rather indicative of what can be usefully discussed. They are suggested because they concern issues which are of a global or transboundary nature that cut across individual, regional or group interests and over which Governments individually have little influence.

15. Issues such as environment and poverty, while of a global character, are being extensively discussed and are ready to be acted upon; consequently, they are not included in this report. The themes proposed - even though under active

consideration in various forums of the United Nations system, most notably the United Nations Conference on Trade and Development, the United Nations Population Fund, the United Nations Drug Control Programme, the Office of the United Nations High Commissioner for Refugees, the International Trade Centre, the International Labour Organization, the World Bank, the International Monetary Fund, the International Telecommunications Union, the World Intellectual Property Organization, the Commission on Science and Technology for Development, the Commission on Crime Prevention and Criminal Justice, the Commission on Narcotic Drugs, the Population Commission - none the less require to be given new impetus in view of their considerable importance to the orderly management of international relations. In the section on modalities, proposals are made as to how these issues can be given a higher profile and brought to the centre of discussions on international cooperation rather than being scattered over a plethora of different forums.

A. Globalization and the rules of the game

16. Not too long ago international economic relations, in particular exchange rates and capital movements, were highly regulated. Today, the pace of globalization of financial and other markets is outstripping the capacity of Governments to provide the necessary framework of rules and cooperative arrangements.

17. Although no one is advocating the reintroduction of controls of capital movements, at the same time financial deregulation and the consequent growth and integration of global capital markets has created significant risks. Rapid, short-term private capital movements can cause considerable fluctuations in domestic currencies of developed and developing countries alike. The volatility associated with these short-term flows may not only strain national fiscal and monetary policies but even lead to severe disruptions in the global financial system.

18. The number of non-State actors which are organized internationally and operate transnationally has become very large. There are now thousands of transnational corporations operating world-wide with the result that foreign investment is growing faster than trade. Together they are steadily forming a single market in goods and services whose outputs may affect the whole world. The pace at which market changes in one part of the world affect others is quickening.

19. Technological developments, through informatics and computers, make it increasingly possible to split up production processes. The division of labour is becoming finer: that is, specialization in parts of production processes instead of in products. Production is thus becoming more flexible. At the same time, developments in telecommunications make it possible, both within and between firms, to react extremely rapidly to changes wherever in the world they might occur. Transnationalization of economic decision-making is taking place with respect to production, investments, trade and related monetary flows.

20. Access to technology, either through foreign investment or through licensing, is to a considerable extent determined by protection of intellectual

property rights. Promoting innovation requires protection of intellectual property, but too strict protection can lead to undesirable monopoly positions. Innovation is also promoted by Governments with other policy instruments. All this has consequences for the competitive relations between firms, sectors and countries.

21. These various issues imply the necessity of global rules or harmonizing national rules in order to prevent discords and the challenge is to provide a framework of rules and order for global competition in the widest sense. Clarity of rules and discipline should not undermine dynamic developments, but rather achieve a predictable environment in which the globalization processes take place.

B. Competition

22. Globalization and the increasing openness of the world economy are challenging the policy options of individual countries which increasingly have to compete in the world market to retain and attract the funds and human resources which their development calls for.

23. Developing countries occupy a special place in this process. They are increasingly turning to the world market. In order to strengthen their position in this process of globalization they are increasingly more open to foreign investment which not only brings capital but, more important, also knowledge and technology. In traditional industries they are becoming increasingly important competitors of the industrialized countries. And for more and more developing countries it is not only limited to traditional industries. The competition on the world market, and thus on everyone's domestic market, is becoming more intense and more all encompassing. As economies become more intertwined and more interdependent frictions arise because of the concomitant intensive competition. Diffusing these possible conflicts calls for strengthened dialogue.

24. Developing countries will benefit from a strong multilateral system of rules and disciplines, because otherwise they will be at the mercy of the rules of the game of the largest players in the world economy. Developed countries stand to gain because increasing their export opportunities and hence the possibilities for adapting their production and trade structures in a forward-looking rather than a defensive, reactive way is ultimately in their own best interest.

C. Regional integration and the global economy

25. An increasingly open and multilateral trading system has been the principal engine of growth and expansion in the world economy in the post-war period. The outcome of the Uruguay Round and the establishment of the World Trade Organization have created the basis for a truly rule-based system of international trade and continuing integration of the world economy. All countries, large and small, will, however, have to submit to the discipline of

the multilateral system and powers given to the new trade organization must be enforced and respected.

26. Progress towards a truly multilateral trading system has, however, been accompanied by a concomitant trend, which has gained momentum in recent years, towards regional trading arrangements. So long as these remain open and non-discriminatory towards the rest of the world, regional integration schemes can contribute substantially to the growth of trade and output by expanding markets, encouraging specialization and improving productivity through greater competition. However, if regional integration is accompanied by discriminatory barriers, visible or invisible, to goods and services from the outside world, such arrangements can undermine the open and multilateral character of the international trading system, and lead to fragmentation and potential trade and economic frictions among trading blocs. Despite widespread recognition of these dangers, they are ever present in the harsh world of competition and domestic pressures and must be constantly kept at bay. The development of rules and standards that can help ensure that regional integration is consistent with a fully open and multilateral system are therefore of considerable importance for the continued health and expansion of the world economy. A dialogue at the political level could help prepare the ground for more detailed and technical work in the appropriate bodies to develop such rules and standards.

D. New information technologies and the global economy

27. As noted earlier, the accelerated pace of technological advances in the information and communication fields has made possible the globalization of production processes and financial markets. However, the absorption and application of these technologies have remained confined to a relatively small part of the global economy. Their potential applications and their implications for the way the world economy will be organized in the future are enormous. It is clear, however, that countries and people who are unable to acquire, utilize and benefit from the new technologies that are changing the global environment will be marginalized. How to integrate those who are being left out, for whatever reasons, into the process of technologically driven change is an important issue that needs to be addressed through dialogue.

E. International migration

28. It is estimated that in the period up to 2015 one billion people will be added to the labour force. It is not to be expected that all of them will be able to find work in their own countries or even regions. This will increasingly lead to international labour migration.

29. There are an estimated 70 million people world wide, mostly from developing countries, who live in other countries, either legally or illegally. These large numbers are related to underdevelopment and poverty, to high population growth, to the large areas of conflict and instability, to labour market conditions (despite high unemployment) in many industrialized countries with an ageing population, to the semi-porous character of most borders, and to ease of access to transportation.

30. In the long run migration flows will only stabilize, and perhaps even decrease, when the economic prospects and overall conditions in the countries of origin improve sufficiently, not only in an absolute sense but also relatively, in comparison to the countries of destination. This is so because the pull factor is partly determined by this difference. An open dialogue based on greater knowledge about this phenomenon is not only of importance to the countries of immigration but also for the countries of emigration. Migrants often belong to better skilled and schooled population groups. In that sense their departure signifies a loss. On the other hand, migrants often send remittances to their countries of origin and thus form a welcome source of foreign exchange.

31. Attempts to manage the potentially large flows of migrants have to deal with the fundamental causes: economic inequality, political instability, human rights violations. Development cooperation can play a role in dealing with the problems at their source. From a structural point of view, policies (trade policies, debt policies, etc.) which influence the possibility of countries, and thus of people, to improve their position in the world also need to be addressed.

F. Prevention and management of emergencies and post-conflict peace-building

32. The number of emergencies, both natural and man-made, have continued to rise in recent years and so have the costs of dealing with them. Political instability, which may be partly due to lack of economic development, may lead to armed conflicts, civil wars and the like, which may not only result in large numbers of refugees and displaced persons but also entail the risk of wider conflict. Therefore, it is in the interest of the international community to prevent their occurrence or, if that fails, to address the immediate and emergency needs and then to resort as quickly as possible to post-conflict peace-building.

33. The Agenda for Peace defines post-conflict peace-building as action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict.

34. As conflicts occur and as countries come out of conflict the most pressing task is the provision of emergency and humanitarian assistance to the affected population. But leaving these countries to their own resources after the most basic human suffering has been dealt with is unconscionable. Elections will need to be organized, governmental institutions will have to be created, political participation will have to be promoted.

35. But more will be needed. The country's economy is likely to be devastated, its physical infrastructure destroyed and its human development neglected. Getting these countries on a viable and durable path of development requires close cooperation and coordination by the international community.

36. Since in most war ravaged countries prospects for increasing domestic financing are very limited, the need for additional external finance will be

very large. Unless the international community makes a special effort to devise strategies and to facilitate financing for the crucial stage in the transition from post-conflict peace-building for durable peace, international and domestic peace efforts might well be put in jeopardy.

37. Prevention and management of emergencies and post-conflict peace-building are issues which require systematic study and analysis and the careful attention of the entire international community.

G. Crime, drugs, violence and global stability

38. Another issue that is becoming increasingly international in character is organized crime. Trade in illicit drugs, with demand and supply geographically far apart, has strengthened considerably the international reach of organized crime. International criminality runs parallel to the globalization of economic processes in general. This is the case both with respect to organization and operation and with respect to the areas on which criminal activities concentrate. Modern technology and mass communications have considerably enlarged the international reach of organized crime while at the same time bringing it closer to the legal economy. A large transboundary illegal trade can come about in all those goods and services the production and distribution of which are affected by government regulations and other constraints. This concerns not only illicit goods such as drugs, but also a broad range of economic activities, including financial services which are used to launder criminally generated funds. The large sums of money which circulate in these criminal networks strongly encourage deeply entrenched corruption.

39. The illicit traffic in narcotics links the poverty and social problems of the rich countries to those of producers whose traditional crops no longer ensure them a living. Sharp drops in the world market prices of traditional crops may create further scope for the lucrative production of narcotics. Crime syndicates sell these drugs in the rich countries, where the market is still growing.

40. Not only has the sense of insecurity and instability increased in many societies; these trends have tended to undermine institutions and destabilize governmental authority. These phenomena were abetted by the easy availability and the large supply of sophisticated arms to criminal elements. The lethal mix of these factors has tended to raise the level of violence in every region. Governments need to develop, through dialogue and cooperation, a strong global response to the nexus between crime, drugs, violence and instability.

IV. MODALITIES

41. As noted in the report submitted last year, if mutual interest and partnership are to be the central premise of the renewed dialogue, the United Nations should be the natural place for harmonizing and transforming narrow national self-interests into mutual interest and shared benefits. This requires broad understanding and vision on the part of participants and therefore calls for discussions to take place at a high political level.

42. A number of approaches and modalities were suggested for pursuing the dialogue both within and outside the United Nations. While considering those suggestions, member States will need to bear in mind that the discussions this year in the Economic and Social Council, including those on the coordinated follow-up to major United Nations conferences, and on the agenda for development in the ad hoc open-ended working group, have also contained elements that are relevant to promoting a genuine dialogue on broad intersectoral themes.

43. For the dialogue to be useful and productive the modalities to conduct it would need to be designed keeping in view a number of essential elements: first, the issues or themes to be chosen should engage the interest of all groups, be clearly defined, and the interlinkage among them should be taken into account in structuring the dialogue; second, the preparation for the discussions should not only involve the United Nations and the concerned organizations of the system but actively engage other actors in development and the academic and scientific community; and third, the nature of the outcome should be seen as related to the complexity and maturity of the issues discussed and the outcome should provide for appropriate follow-up by the United Nations, its related institutions and other relevant regional and interregional organizations, as well as other development actors.

44. In the light of the above considerations and recalling the suggestions contained in paragraphs 29 to 38 of the first report, in particular, those relating to organizing in the plenary session of the General Assembly "a high-level and focused dialogue on a major theme, relevant to current and emerging economic and social issues on the global agenda" (para. 34), the following further elements are provided to assist the Assembly's consideration of this matter.

(a) First, the theme to be selected for the dialogue should be chosen in a timely manner, preferably at least a year or more in advance to allow for adequate preparations;

(b) Apart from the preparation of background documentation by the Secretariat in cooperation with the relevant organizations of the system including, as appropriate, the Bretton Woods institutions as well as the World Trade Organization, the process of dialogue could also involve meetings organized under the auspices of other regional and interregional organizations, the convening of forums by the non-governmental organization community, the organization of hearings, meetings of parliamentarians and the commissioning of studies and expert groups by universities and other academic and public purpose organizations. A public information programme to sensitize and involve major groups in the dialogue should also be prepared and implemented;

(c) The high-level part of the dialogue could be held for a period of two to three days in the early part of the General Assembly session to take advantage of the presence of ministers. Special sessions of the General Assembly and summit-level meetings of a representative character could also be envisaged to advance political understanding and consensus at the highest level and, whenever possible, formulate policies and guidelines for more detailed negotiations in the appropriate forums;

(d) The nature of the theme discussed should determine the nature of the outcome which should be kept flexible, ranging from a presidential summary or a declaration/statement to agreed conclusions or decisions.

V. CONCLUDING OBSERVATIONS

45. In conclusion, it may be emphasized that the dialogue will need to be pursued in a climate of trust and in clear recognition of the fact that development for all countries is a process of growth and change. A defensive attitude towards change is harmful for all parties concerned. Growing interdependence means that countries have to take account of each other's interests. This entails obligations for all parties, but it means above all that the interests of the economically weak developing countries should be taken into account in a consistent way and as a matter of priority.

46. A high-level dialogue conducted in such a constructive spirit in the General Assembly will also help reinvigorate the Assembly's policy-making role in the economic, social and related fields and enable the United Nations to contribute to the improvement of the management and governance of the world economy.